

ORIGINAL

NEW APPLICATION

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RECEIVED

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AZ CORP COMMISSION  
DOCKET CONTROL

2007 OCT 17



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October 16, 2007

VIA OVERNIGHT DELIVERY

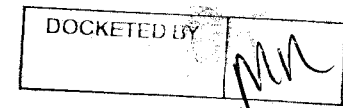
Executive Secretary  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington  
Phoenix, AZ 85007-2926

T-03541A-07-0601

T-03541A-07-

Arizona Corporation Commission  
DOCKETED

OCT 17 2007



RE: Notification by NTS Communications, Inc. and Xfone, Inc.  
of a Stock Transfer

Dear Sir or Madam:

NTS Communications, Inc. currently holds a Certificate of Authority to provide long distance telecommunications in this State in Docket No. T-03541A-98-0166 dated September 16, 1998.

On behalf of NTS Communications, Inc. ("NTS"), and Xfone, Inc. ("Xfone") (together referred to as the "Parties"), this letter is to advise the Commission of the transfer of all of the issued and outstanding shares of NTS to Xfone.

It is our understanding, based upon review of the applicable statutes and regulations, that this transaction does not require prior Commission approval. Accordingly, absent written notice to the contrary within thirty (30) days of the date of this letter, the parties will proceed to consummate the transaction in a timely fashion.

The Parties propose a transaction whereby Xfone will acquire NTS by virtue of a stock purchase transaction. Following consummation of the transaction, NTS will operate as a wholly-owned subsidiary of Xfone. This transaction does not involve transfer of operating authority nor any transfer of customers. The transaction will only involve a change in the ultimate control of NTS by virtue of a stock transfer. NTS will continue to provide competitive telecommunications services to its existing customers in this State using the same technical and managerial personnel following consummation of the proposed transaction.

Xfone is a Nevada corporation headquartered at 2506 Lakeland Drive, Suite 100, Flowood, MS 39232. Xfone, through its wholly-owned subsidiary Xfone USA, Inc., is authorized to provide local, intrastate, interstate and international telecommunication services in five states. Xfone does not presently provide telecommunications services in this State.

NTS is a Texas corporation headquartered at 5307 W. Loop 289, Lubbock, TX 79414-1610. NTS is authorized to provide interstate and international long distance telecommunications services in six states. NTS is a certificated provider of resold long distance services in this State.

The proposed transaction will accomplish the following:

Xfone will acquire 100% of the issued and outstanding shares of NTS. The proposed transfer will be seamless to NTS's customers. NTS's name, rates and service offerings, as reflected in its tariffs, will not change as a result of the proposed transaction. There will be no interruption of service. The physical assets, property, and personnel of NTS will remain the same after the change in control. The customer service numbers for billing and service problems, liaison with Commission staff and tariffed rates will remain the same.

The proposed transaction will serve the public interest, convenience, and necessity. Consummation of the proposed transaction will result in net benefits to NTS's customers by strengthening the overall financial status of NTS. The transaction will enhance NTS's ability to offer a broader range of innovative products and services to customers.

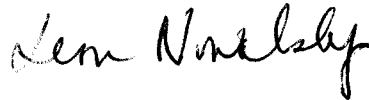
The Commission's ability and authority to regulate NTS and to ensure that it satisfies all obligations, commitments and regulatory requirements established by the laws of this state and the Commission will remain unchanged. Thus, there are no potential public interest harms raised by the proposed transaction and there will be clear benefits to the public upon the closing of this transaction.


The parties are forwarding this letter to the Commission for informational purposes, to be included in the appropriate files. Absent receipt of written notification to the contrary within thirty (30) days from the date of this letter, we will proceed with the understanding that no approval or other formal action is required by the Commission prior to consummation of the proposed transaction.

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Enclosed are the original and eleven (11) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. If you need any further information or have any questions regarding the matters discussed herein, please do not hesitate to contact the undersigned. Thank you for your assistance in this matter.

Respectfully submitted,



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